

The Evolution of Project Management: Are We Getting Better?

Hugh Woodward

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The Beginning...



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Modern Project Management

- | | |
|---------------|------------|
| • Gantt Chart | Late 1800s |
| • PERT | 1958 |
| • CPM | Late 1950s |
| • PMI | 1969 |

Modern Project Management

OPM3

MS Project

Earned value

Standards

Certification

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Scottish Parliament

- Initial estimate:
£40 million
- Final cost:
£431 million



Boston Central Artery



- Initial estimate: \$2.3 billion
- Current estimate: \$14.6 billion

Sakhalin II LNG

- Initial estimate:
\$10 billion
- Current estimate:
\$20 billion



Project Orion



- PMI's International Project of the Year 1997

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Laptop Upgrade



- Minimize laptop lease costs
- Accelerate schedule

Project Failure Survey

Real Projects

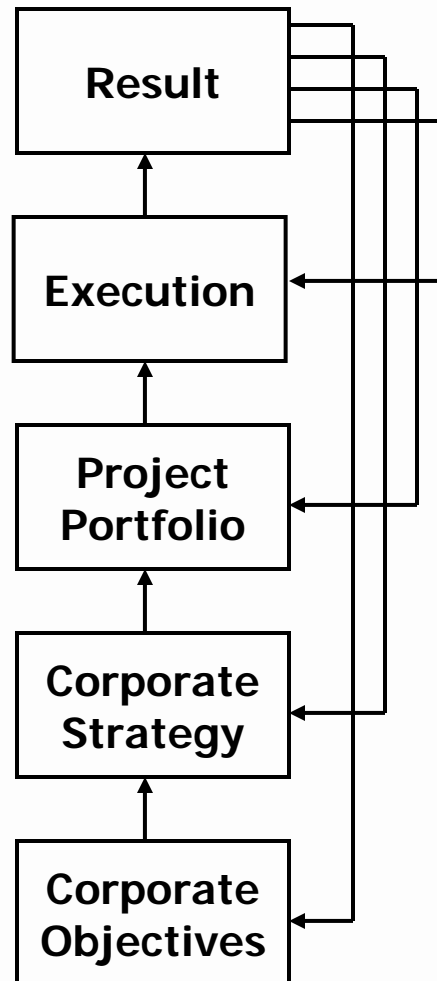
- Canceled by management because the need went away
- Changing priorities and/or business requirements
- Poor integration
- Unprofitable product

Project Failure Survey

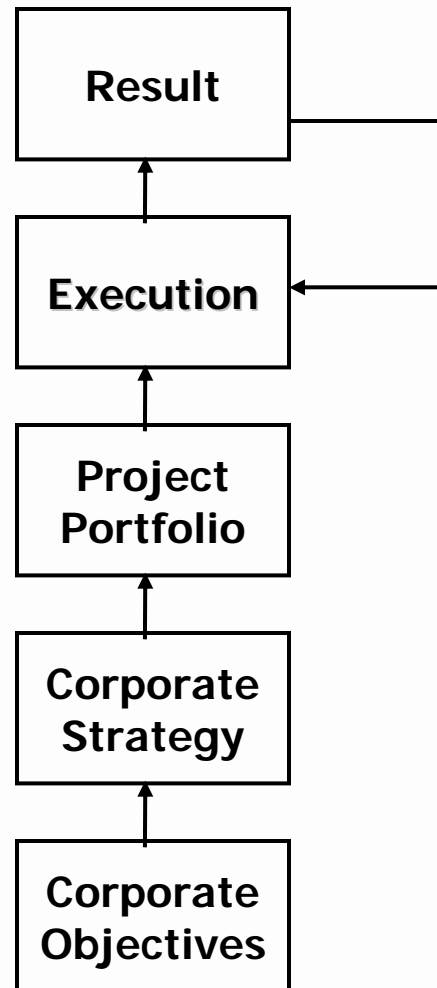
“Generally fail”

- Poor planning
- Poor communication
- Scope changes
- Cost/schedule targets not achieved

The Project Context



The Project Context



Were our projects
implemented
effectively?

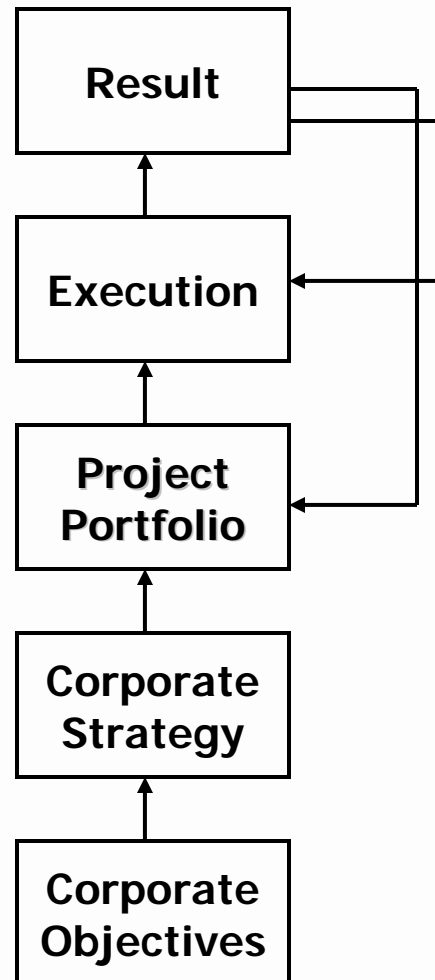
Measures:

Cost, Schedule,
Specifications

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The Project Context

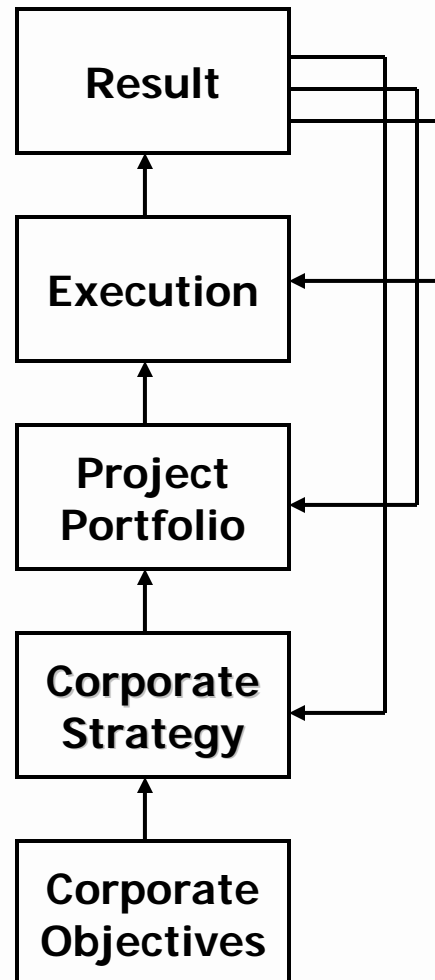


Did our project portfolio achieve our goals?

Measures:

Revenue,
Productivity,
Operating Costs

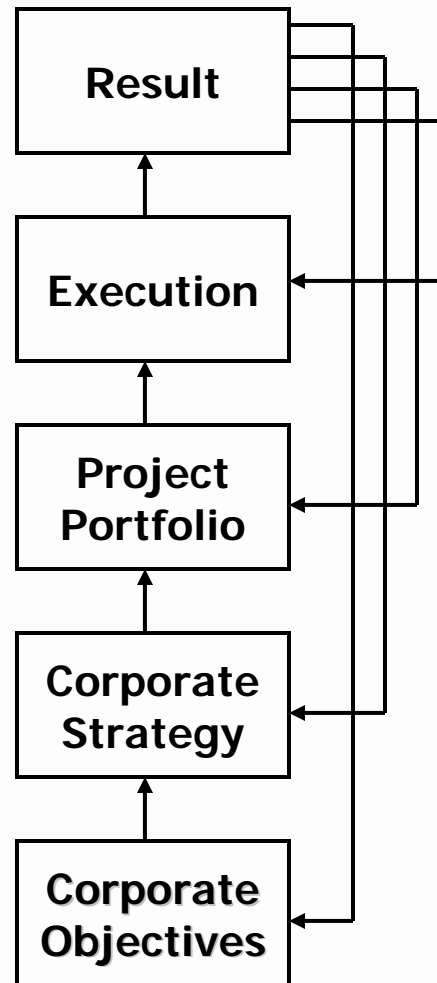
The Project Context



Do we have the right strategic plan?

Measures:
Profitability, Net
Outside Sales,
Customer
Satisfaction

The Project Context

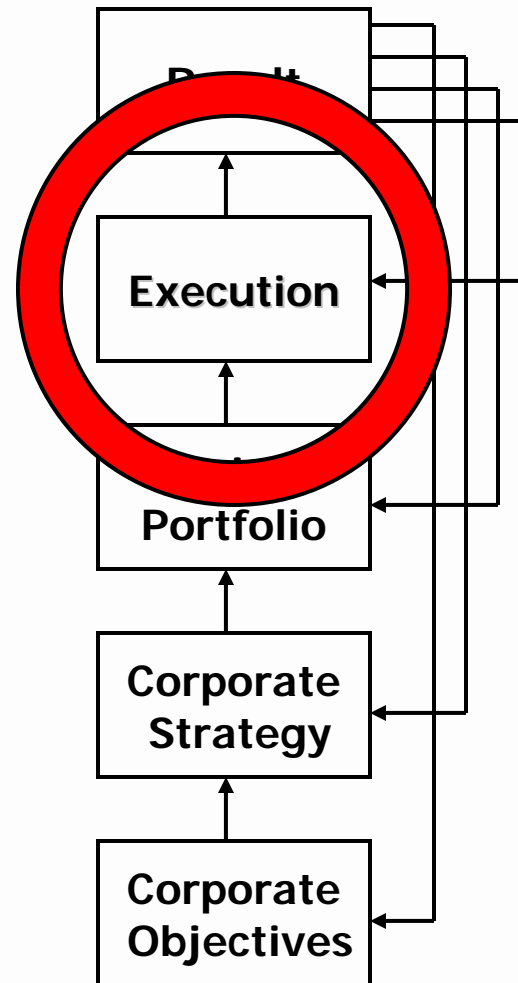


Do we have the appropriate corporate objectives?

Measures:

Shareholder Value

The Project Manager's Role



2002 Olympic Winter Games



- Projected \$100 million deficit
- Actual \$400 million profit

Key to success: **profitability**

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Batu Hijau Copper Mine

- \$100 million under budget
- 1 month early



Key to success: rapid startup

Manufacturing Plant Optimization



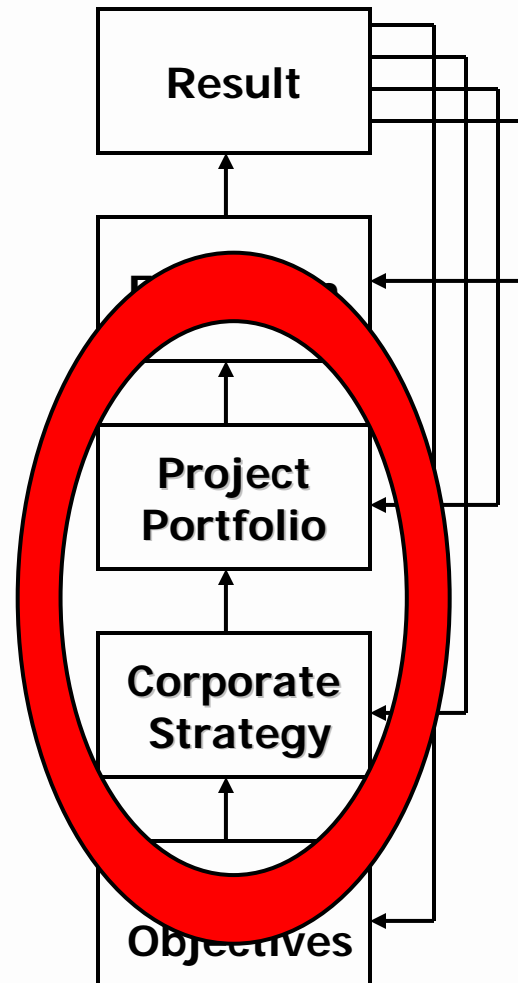
- Original schedule:
18 months
- Actual completion
5 years

Key to success: **production**

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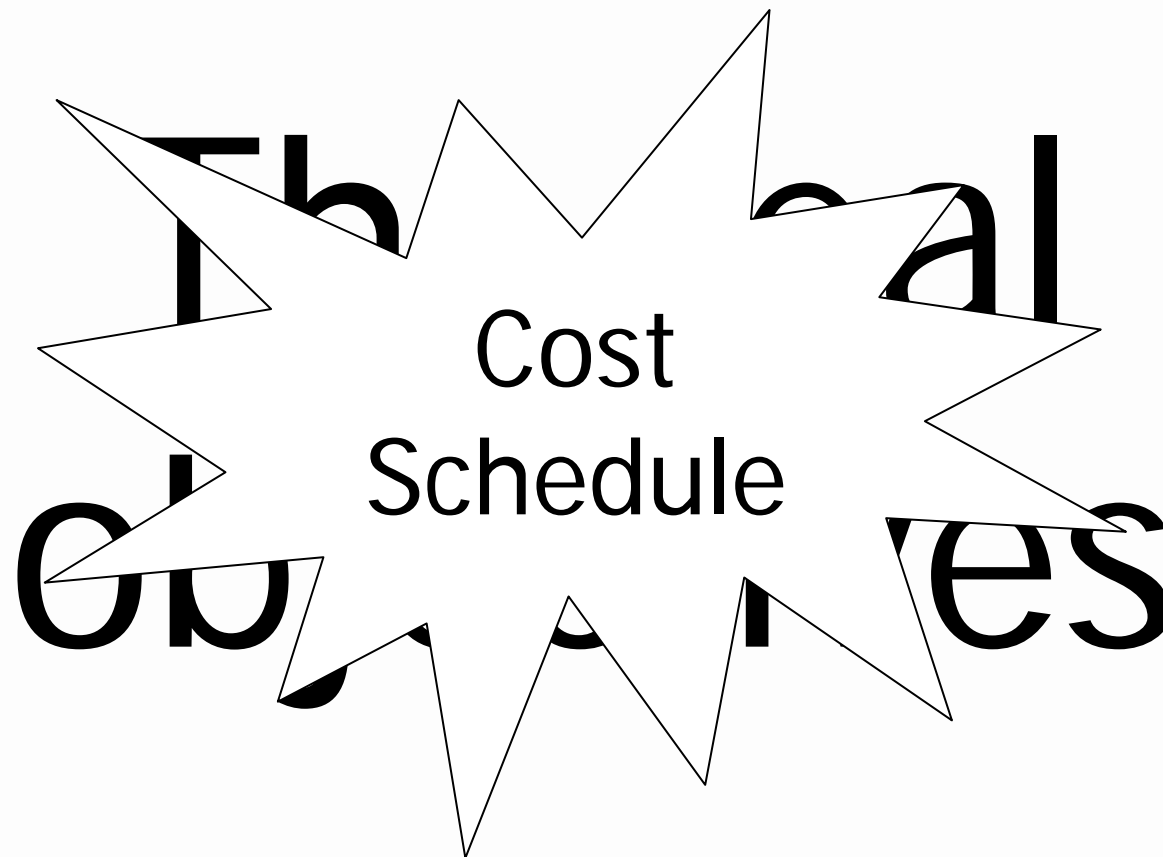
The Successful Project Manager's Role



Do Cost and Schedule Matter?

YES

- Contract management
- Component cost and assembly
- Date-certain events



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The Real Key to Success

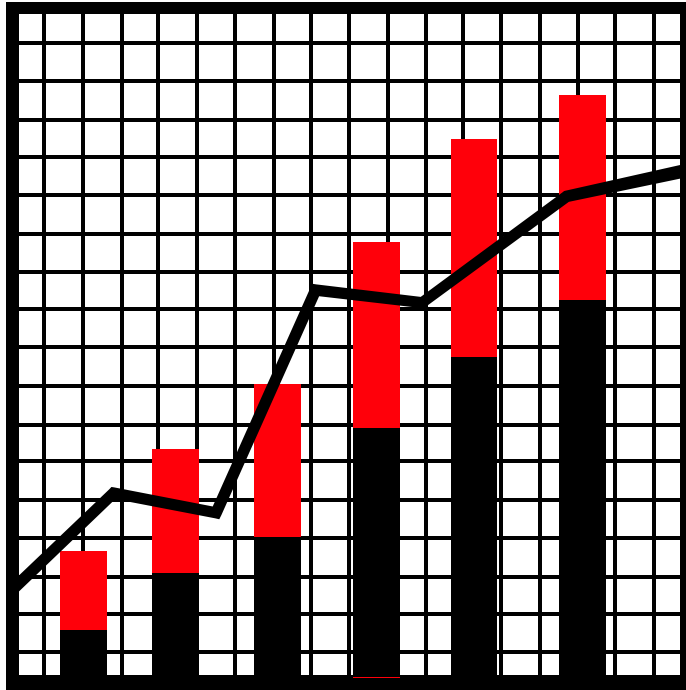
Project managers must formulate objectives in the customer's terms

- Enhanced revenue
- Increased productivity
- Operating efficiency
- Customer satisfaction

"The result is that while project management has historically been seen within a well-defined context of executing a task 'on time, in budget, to scope,' it is increasingly being seen that it has to operate within a much broader, and subtler environment."

-Peter Morris, 2003

Are we getting better?



✓ On time

✓ Under budget

Key to success: the customer

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Hugh Woodward

pmforum.org

an iWorld company

woodwardhm@pmforum.org

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